

Message Text

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PAGE 01 NEW DE 08338 101649Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 /018 W
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R 101243Z JUN 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 4010

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E. O. 11652: NA
TAGS: ETRD, ETRV, US, IN
SUBJECT: WESTINGHOUSE GAS TURBINE BID

REF: (A) STATE 133846, (B) STATE 121139, (C) NEW DELHI 7587
(D) NEW DELHI 7119

1. EMBASSY HAS HAD ALMOST CONTINUOUS DIALOGUE WITH BHEL ON WESTINGHOUSE'S GAS TURBINE BID. NCOMMERCIAL COUNSELOR, PRIOR TO HIS DEPARTURE LAST WEEK, CONTACTED SEVERAL TIMES, BHEL CHIEF ENGINEER, MR. SHARAN, WHO IS ADMINISTERING THE BIDDING.

2. ON JUNE 9, ECON COUNSELOR CALLED ON MR. V. KRISHNAMUTHY, CURRENTLY SECRETARY, MINISTRY OF INDUSTRIES AND CHAIRMAN CHEL. KRISHNAMURTHY IS NOT VERY OPTIMISTIC ABOUT WESTINGHOUSE'S CHANCES FOR TOTAL PACKAGE OF ASSAM, KARNATAKA, AND MAHARASHTRA. HE HAD TALKED NIGHT BEFORE WITH DEPUTY CHAIRMAN, MAHARASHTRA STATE ELECTRICITY BOARD AND, ACCORDING TO HIM, HAD GONE BEYOND THE DISINTERESTED ROLE HE SHOULD APPROPRIATELY PLAY BY ENCOURAGING A MORE FAVORABLE ATTITUDE TOWARD THE WESTINGHOUSE OFFER BY MAHARASHTRA BOARD.

3. HE SAID BHEL WAS LIMITED IN WHAT IT COULD DO, HOWEVER, AS IT WAS ACTING AS AN AGENT FOR THE KARNATAKA, ASSAM, AND MAHARASHTRA STATE ELECTRICITY BOARDS. ON THIS PARTICULAR BID, EACH BOARD DEVELOPED ITS OWN SPECIFICATIONS.

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4. FOR ASSAM, WESTINGHOUSE IS DEFINITELY THE LEADER.
T. FOR KARNATAKA, WESTINGHOUSE IS COMPETITIVE THOUGH ITS GENERATORS DO NOT FIT THE SPECIFICATIONS AS WELL AS THOSE THOSE OF THE OTHER TWO COMPETITORS (BBC AND AEG). THE STATE BOARD, HOWEVER, HAD PREVIOUSLY ISSUED A LETTER OF INTENT TO AEG, WHICH IS COMPLICATING BHEL'S ROLE.

6. MAHARASTRA, THE LARGEST BUYER, IS OPPOSED TO THE WESTINGHOUSE OFFER BECAUSE BID SPECIFICATIONS CALL FOR LARGER UNITS THAN WESTINGHOUSE IS OFFERING.

7. KRISHNAMURTHY SAID THAT THERE WERE ONLY THREE COMPANIES IN THE RUNNING (BBC, AEG, AND WESTINGHOUSE), THAT THE WESTINGHOUSE OFFER WAS NOT THE LOWEST, AND THAT THE OTHER TWO COMPETITORS HAD ALSO OFFERED ATTRACTIVE TECHNOLOGY TRANSFERS ARRANGEMENTS. HE WAS INTERESTED IN THE WESTINGHOUSE BUY-BACK OFFER FOR BHEL, BUT SAID IT STOOD ONLY IF WESTINGHOUSE WON ALL THREE GENERATOR BIDS. THE STATE ELECTRICITY BOARDS WILL MAKE THE TECHNICAL DECISIONS AND IT WAS ON THESE BOARDS THAT WESTINGHOUSE HAD TO FOCUS ITS EFFORTS.

8. HE SUGGESTED THAT SINCE ASSAM WAS FAVORABLE TOWARD WESTINGHOUSE AND MAHARASHTRA WAS STILL OPPOSED, KARNATAKA OFFERS THE BEST PROSPECTS FOR CHANGING THE PRESENT EQUATION. IF THAT STATE COULD BE CONVINCED TO SELECT WESTINGHOUSE, THEN HAVING TWO STATES OUT OF THREE FAVORING ONE COMPANY, MIGHT OFFER SOME HOPE OF CHANGING THE ATTITUDE OF THE THIRD (MAHARASHTRA).

9. REGARDING ADDITIONAL EMBASSY EFFORTS, AMBASSADOR HAS BEEN SEEKING CALL ON MINISTER FOR INDUSTRIES AND IS SCHEDULED FOR EARLY NEXT WEEK. ECON COUNSELOR IS PRESENTLY SEEKING APPOINTMENT WITH Y. T. SHAH, SECRETARY, MINISTRY OF ENERGY; AND CONSUL GENERAL BOMBAY IS SEEKING TO CONTACT CHAIRMAN OF MAHARASHTRA STATE ELECTRICITY BOARD. WE ARE KEEPING WESTINGHOUSE LIMITED OFFICIAL USE

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HOUSE REPS IN DELHI INFORMED OF OUR EFFORTS AND OUTCOMES OF OUR REPRESENTATIVES.

10. ON JUNE 10, UNITED TECHNOLOGY, INC. REP CALLED AT EMBASSY TO ADVISE US THAT UTI STILL HOLDS SLIM HOPE OF WINNING KARNATAKA CONTRACT AND VERY REMOTE CHANCE ON MAHARASHTRA. REP KNOWS THAT UTI IS NOT ON BHEL SHORT-LIST BUT PINS CHANCES ON FACT THAT UTI WAS ASKED BY KARNATAKA TO SUBMIT BID. UTI REP PLANS TO AWAIT OUTCOME OF TECHNICAL LEVEL MEETINGS OF BHEL FOUR STATE ELECTRICITY BOARDS SCHEDULE FOR JUNE 11-11. WE OFFERED ALL APPROPRIATE ASSISTANCE, BUT DID NOT SEE ANY ROLE FOR THE EMBASSY RELATED TO UTI BEFORE THIS TIME. GOHEEN

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